



**Jamie M. (Mike) Tan**  
Associate Director  
Federal Regulatory

SBC Telecommunications Inc.  
1401 I Street NW, Suite 1100  
Washington, D.C. 20005  
Phone 202 326-8859  
Fax 202 408-4809  
E-Mail: jtan@corp.sbc.com

November 15, 2002

**VIA ELECTRONIC FILING**

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> Street SW  
Washington DC 20554

**Re:** CC Dockets No. 96-45, 98-171, 90-571, 92-237, 99-200, 98-170, 02-33, 95-20, 98-10 and NSD File No. L-00-72.

Dear Ms. Dortch:

On November 14, 2002, Whit Jordan (of BellSouth) and David Hostetter, Jeff Brueggeman, and the undersigned (of SBC Telecommunications, Inc.) met with Matthew Brill, Senior Legal Advisor to Commissioner Abernathy to discuss the joint ex parte filed on November 5, 2002 in the above referenced dockets.

In this discussion with Mr. Brill, SBC and BellSouth reiterated their position that wireline DSL Internet access services cannot be subject to a universal service contribution obligation unless or until a similar obligation is imposed upon cable modem services. This relief is essential if the Commission's contribution mechanism is to satisfy the requirements of Section 254(d). SBC and BellSouth are extremely concerned about the ongoing competitive impact of the current disparity in the universal service treatment of DSL and cable modem services if, as it appears, the Commission intends to maintain the current revenues-based universal service contribution mechanism for an undetermined period of time. As previously stated, the removal of DSL from the contribution base on an interim basis can be supported by consistent application of the rationale relied upon by the Commission in its *AOL Bulk Services Order*.<sup>1</sup> Revenues generated by DSL services sold to ISPs should be treated as wholesale revenues, which should not be subject to a universal service contribution obligation. Such an action can be taken without predetermining any specific outcomes currently under consideration in the Commission's *Wireline Broadband Proceeding*.<sup>2</sup>

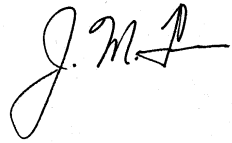
---

<sup>1</sup> In the Matter of *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket 98-147, *Second Report and Order*, 19 FCC Rcd 19237, 19244-45, at ¶¶ 15, 17 (1999).

<sup>2</sup> See *Appropriate Framework for Broadband Access to the Internet over Wireline Facilities*, CC Docket Nos. 02-33, 95-20, 98-10, *Notice of Proposed Rulemaking*, FCC 02-42 (rel. February 15, 2002).

In accordance with Section 1.1206 of the Commission's rules, this notice is being filed in each of the above referenced dockets via the Commission's ECFS system. Should you have any questions regarding the attached, please do not hesitate to contact me by whatever means are most convenient for you.

Sincerely,

A handwritten signature in black ink, appearing to read "J. M. F." with a stylized flourish at the end.